

MINUTES ADOPTED BY CITY COUNCIL

Greenville, NC
May 12, 2005

The Greenville City Council met in a regular meeting on the above date at 7:00 PM in the City Council Chambers, third floor of the Municipal Building, with Mayor Robert D. Parrott presiding. The meeting was called to order, followed by the invocation by Mayor Parrott and the pledge of allegiance to the flag. The following were present.

Mayor Robert D. Parrott
Mayor Pro-Tem Ric Miller
Council Member Mildred A. Council
Council Member Ray Craft
Council Member Pat Dunn
Council Member Rose H. Glover
Council Member Chip Little
Wayne Bowers, City Manager
Wanda T. Elks, City Clerk
David A. Holec, City Attorney

APPROVAL OF AGENDA

City Manager Bowers informed the Council that at Council Member Little's request, an item regarding home occupations has been added to the agenda. Also, at the May 9 meeting, the request to close a portion of Claredon Drive was continued until June. A request was received today to continue the rezoning request of the Evans Street Four, LLC.

Motion was made by Council Member Dunn and seconded by Council Member Council to approve the agenda as presented. Motion carried unanimously.

SPECIAL RECOGNITION

Young Citizen of the Year Award Presentation by Human Relations Council

The Chairman of the Human Relations Council, Mary Bragaw, recognized the 2005 Young Citizen of the Year nominees and recipients. The nominees were Ian Bryan, Blaire Conner, Colleen MacGilvray, Naima Savage, Jason Baker, Courtney Greene, Brooke Hardee, Jennifer Schultz, Teresa Short, Terri Short, Valencia Speight, and Billie Walls. Julius Simpson received honorable mention. Nicole Clark was the middle school recipient and Parteek Singla was the high school recipient.

APPOINTMENTS TO BOARDS AND COMMISSIONS

Affordable Housing Loan Committee

Motion was made by Council Member Little and seconded by Council Member Dunn to appoint Robert Moore for a first three-year term expiring February 2008 replacing Don Edmonson and to appoint Dallas Taylor as the Alternate Member to fill an unexpired term expiring February 2006. Motion carried unanimously.

Community Appearance Commission

Council Member Craft requested that the appointment for the Community Appearance Commission be continued to June 2005.

Planning and Zoning Commission

Motion was made by Council Member Craft and seconded by Council Member Council to reappoint William Lehman and Porter Stokes (Alternate #2) to a first three-year term expiring May 2008 and to reappoint Jim Moye to a second three-year term expiring May 2008. Motion carried unanimously.

RESOLUTION TO CLOSE AN UNIMPROVED PORTION OF CLAREDON DRIVE – CONTINUED TO JUNE 9, 2005

Motion was made by Mayor Pro-Tem Miller and seconded by Council Member Craft to continue consideration of the resolution to close a portion of Claredon Drive and the public hearing on this matter to the June 9, 2005 City Council meeting. Motion carried unanimously.

ORDINANCE REZONING EVANS STREET FOUR, LLC PROPERTY LOCATED ALONG THE EASTERN RIGHT-OF-WAY OF EVANS STREET, SOUTH OF BRADBURY ROAD, SOUTH OF FORK SWAMP CANAL, AND EAST OF COASTAL AGRO-BUSINESS CORPORATION FROM R6 TO O – CONTINUED TO JUNE 9, 2005

City Manager Bowers reported that a request was received from Baldwin and Associate requesting that the rezoning request be continued until the June 9 meeting.

Motion was made by Council Member Miller and seconded by Council Member Craft to continue consideration of the rezoning request by Evans Street Four and the public hearing on this matter to the June 9, 2005 City Council meeting. Motion carried unanimously.

ORDINANCE REZONING SHIV AJMERA PROPERTY LOCATED AT THE NORTHEAST CORNER OF THE INTERSECTION OF EVANS STREET AND NINTH STREET (811, 813 AND 823 EVANS STREET) FROM OR TO CD - ADOPTED

City Manager Bowers reported that a notice of public hearing was published in The Daily Reflector on May 2, 2005 and May 9, 2005 setting this time, date and place for a public hearing to consider a request by Shiv Ajmera to rezone 0.63 acres located at the northeast corner of the

intersection of Evans Street and Ninth Street, from OR to CD. At its April 19, 2005 meeting, the Planning and Zoning Commission voted to recommend approval of the request.

Mr. Harry Hamilton, Chief Planner, delineated the property on a map and stated that this request is to rezone 0.63 acres from OR to CD. The property is located between Tenth Street and Reade Circle. There are two buildings on the property with associated parking lots. The current zoning map shows a corridor of OR zoning from Eighth Street extending to Tenth Street on the western boundary. This property was rezoned to OR in conjunction with the original Redevelopment Plan. There are no deed restrictions or limitations that apply to rezoning a property at this time. The request is in compliance with the Comprehensive Plan, which encourages an expansion of the commercial area south to Tenth Street.

Mayor Parrott declared the public hearing open and solicited comments from the audience.

Mr. Shiv Ajmera was present to answer questions.

There being no further comments, the public hearing was closed.

Motion was made by Council Member Little and seconded by Council Member Glover to adopt the ordinance rezoning 0.63 acres located at the northeast corner of the intersection of Evans Street and Ninth Street, from OR to CD. Motion carried unanimously. (Ordinance No. 05-47)

ORDINANCE ANNEXING ADDELLE FORREST WALL AND CEDRIC DONALD LANGSTON ESTATE PROPERTY LOCATED ON THE WEST SIDE OF NC HIGHWAY 11 NORTH OF PATTON CIRCLE - ADOPTED

City Manager Bowers reported that a notice of public hearing was published in The Daily Reflector on May 2, 2005 setting this time, date and place for a public hearing to consider a request by Addelle Forrest Wall and Cedric Donald Langston Estate to annex 1.648 acres located on the west side of NC Highway 11 and being about 500 feet north of Patton Circle. This is a contiguous annexation.

Mr. Merrill Flood, Director of Planning and Community Development, delineated the property on a map and stated that the property is located in Voting District 5. The property is currently a single-family residence, and the proposed use is for a single-family residence and addition of a cell tower. The current population is three, and the anticipated population at full development is zero.

Mayor Parrott declared the public hearing open and solicited comments from the audience. There being none, the public hearing was closed.

Motion was made by Council Member Dunn and seconded by Council Member Council to adopt the ordinance annexing 1.648 acres located on the west side of NC Highway 11 and being about 500 feet north of Patton Circle. Motion carried unanimously. (Ordinance No. 05-48)

RESOLUTION APPROVING THE SUBMITTAL OF A GRANT APPLICATION FOR THE GREENVILLE AREA TRANSIT (GREAT) SYSTEM - ADOPTED

Ms. Nancy Harrington, Transit Manager, stated that the grant application for Council consideration is for funds to assist GREAT with capital and operating expenses in FY 2005-06. Section 5307 funds are available to urban areas with populations of 50,000 to 200,000 to assist with operating a bus system. The grant funds are used to reimburse the City for one-half the operating deficit and eighty percent of capital expenditures. This year, staff is requesting the total federal amount allocated for Greenville (\$907,374) and an additional \$269,026 in federal and state funds, for a total of \$1,176,400. Two replacement busses are included as a funded project in the State's Transportation Improvement Program (TIP). Staff has requested that the North Carolina Department of Transportation's Public Transportation Division reallocate the additional funds to the area to cover the costs associated with purchasing the two new busses to help the elderly and disabled. The funds will assist with routine operating and capital costs (\$630,400) and two new replacement busses for GREAT (\$546,000). Based on the proposed Transit Division budget, a maximum of \$256,252 in General Fund dollars are needed to support the local matching funds requirement.

Mayor Parrott declared the public hearing open and solicited comments from the audience. There being none, the public hearing was closed.

Motion was made by Council Member Dunn and seconded by Council Member Council to adopt the resolution approving the submittal of a Grant Application for the Greenville Area Transit (GREAT) System. Motion carried unanimously. (Resolution No. 05-26; Contract No. 1400)

CONSIDERATION OF THE PROPOSED COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) AND HOME INVESTMENT PARTNERSHIP (HOME) ANNUAL PLAN FOR 2005-2006 - ADOPTED

Mr. Chris Davis, Community Development Administrator, informed the Council that the Annual Plan is an extension of the Consolidated Plan and defines the activities proposed for funding each fiscal year. Activities within the Annual Plan are selected based on the needs identified within the Consolidated Plan. The current Consolidated Plan was approved on June 12, 2003, which covers fiscal years 2004-2008. The proposed Annual Plan identifies activities for the upcoming 2005-2006 fiscal year. All proposed activities will be conducted within the 45-Block Revitalization Area, unless otherwise stated, and address needs identified in the Consolidated Plan. The proposed activities include program administration, nonprofit funding, owner-occupied rehabilitation, down payment assistance, acquisition/land assembly, and new construction. The schedule for this project is:

Proposed Completion Schedule

February 10, 2005	Citizens Preliminary Public Input Hearing
February 10, 2005	Deadline for submission of Community Housing Development Organizations (CHDO) Applications
February 14, 2005	Consortium Allocations Finalized
February 16, 2005	Neighborhood Meeting

February 25, 2005	Deadline for Submission of Nonprofit Applications
March 9, 2005	Affordable Housing Loan Committee Review/Recommendation of Funding Nonprofits
March 14-31, 2005	Draft of Annual Plan
March 25, 2005	Deadline for Consortium Members to Submit Activity Narrative
March 31-April 30, 2005	30-Day Public Comment
April 13, 2005	Affordable Housing Loan Committee Review of Draft Annual Plan
May 12, 2005	Final Public Hearing
May 12, 2005	City Council Adoption
May 13, 2005	Submission to HUD

The schedule involves two public hearings. The first one was conducted February 10, 2005, when Council allowed public input into these activities. The plan was also made available to the public from March 31, 2005 through April 29, 2005 for review and comment. In addition to the required public hearings, a neighborhood meeting was held in an effort to encourage citizen participation. The final public hearing before the plan is submitted to HUD for review and approval will be held on May 12, 2005. The process identified builds these dates in accordance with the plan preparation including public comment periods and submission timeframes. The Affordable Housing Loan Committee reviewed the proposed plan and recommended approval of the plan to City Council. Activities will begin on or about July 1, 2005, following approval of the Annual Plan and the release of funds by the U.S. Department of Housing and Urban Development. The total estimated resources for the plan are \$1,261,983, with \$203,170 being for administration (\$164,000 for CDBG and \$32,000 for HOME), \$137,000 (CDBG) for nonprofit funding, \$150,000 (HOME) for construction of two new housing units, \$100,000 (HOME) to assist up to 20 homebuyers with down payment, \$150,000 (CDBG) to acquire additional dilapidated structures or vacant properties to assembly for new construction and homeownership; may include demolition of structures and relocation assistance), and \$528,983 (\$463,451 in CDBG) and \$65,532 in home for owner-occupied rehabilitation to assist approximately 15 homeowners. The plan is now before the Council for final review and consideration. It has received the approval of the Affordable Housing Loan Committee.

Mayor Parrott declared the public hearing open and solicited comments from the audience. There being none, the public hearing was closed.

Motion was made by Council Member Craft and seconded by Council Member Council to adopt the proposed Community Development Block Grant (CDBG) and Home Investment Partnership (HOME) Annual Plan for 2005-2006. Motion carried unanimously. (Resolution No. 05-27; Document No. 05-05)

RESOLUTION AUTHORIZING THE SALE OF CERTAIN PROPERTY TO METROPOLITAN HOUSING AND CDC, INC. FOR THE DEVELOPMENT OF AFFORDABLE HOUSING FOR LOW TO MODERATE INCOME HOMEBUYERS IN THE 45-BLOCK REVITALIZATION AREA - ADOPTED

Mr. Merrill Flood, Director of Planning and Community Development, informed the Council that on January 17 and 24 and March 17, 2005, a request for proposals was issued for eight lots currently available within the 45-Block Revitalization Area for the construction of housing. The

request solicited bids from general contractors and non-profit housing developers to construct house plans provided by the City. Plans included in the bid package were reviewed and approved by the State Historic Preservation Office prior to the solicitation of bids. Because the lots were acquired with CDBG funding, a determination of effect is required by the State Historic Preservation Office to ensure that house styles complement existing architectural characteristics within the 45-Block Area. All homes will be built according to City specifications and will include a minimum of 1000 square feet, three bedrooms and two baths. The homes will be constructed using hardy plank on the exteriors to reduce maintenance and to comply with existing characteristics of surrounding homes. All homes constructed will meet or exceed E300 energy standards. In order to jumpstart revitalization efforts, create interest, and make the homes affordable, two bid award types were solicited. The first bid award type is the typical manner in which 98 percent of the home sites are awarded in the City of Greenville Affordable Housing Program. This method allows land to be deeded to a builder in exchange for building the home at the builder's cost, and then the house is sold to an income-eligible buyer. When the home is sold to the homebuyer, the City of Greenville is paid the agreed-upon lot cost. The second type of award arrangement utilized has been to award a construction contract to a builder with the City of Greenville paying for the construction cost and then marketing the home for sale to an income-eligible buyer. This process serves as a catalyst to home construction activities. Staff will monitor such activities to ensure construction standards are met. The action requested is the first type of award involving deed of lots to the contractor for construction at their cost. The City of Greenville will receive the payment of the land once the house is sold to a homebuyer. Income-eligible buyers may be eligible for financial assistance through the City of Greenville and North Carolina Housing Finance Agency affordable housing programs. Metropolitan Housing and Community Development Corporation is requesting four lots and will construct four houses ranging from \$72.69 to \$73.55 per square foot, with a lot cost of \$3,500, and a sales price prior to assistance ranging from \$81,250 to \$82,000. House plans for the four homes have been approved by SHPO. All lots will be sold to homebuyers that will occupy the home as their primary residence. The cost of the lots has been established with the assistance of the Pitt County Tax Assessor. Eligible buyers will have incomes that do not exceed 115 percent of area median. In certain circumstances, persons with incomes above 115 percent of area median will be eligible to purchase the homes. Homebuyers with incomes less than 80 percent of area median will receive a reduction in lot cost as addressed in the lot policy approved by City Council on May 9, 2005. Homebuyers may be eligible for down payment and mortgage assistance through the North Carolina Housing Finance Agency and the City of Greenville HOME and Affordable Housing Programs.

Mayor Parrott declared the public hearing open and solicited comments from the audience. There being none, the public hearing was closed.

Motion was made by Council Member Council and seconded by Council Member Craft to adopt the resolution authorizing the sale of certain property to Metropolitan Housing and CDC, Inc. for the development of affordable housing for low to moderate income homebuyers in the 45-block revitalization area.. Motion carried unanimously. (Resolution No. 05-28)

CONTRACTS AWARDED FOR NEW CONSTRUCTION IN THE 45-BLOCK REVITALIZATION AREA - CONTINUED

Mr. Merrill Flood, Director of Planning and Community Development, informed the Council that proposals were received from two general contractors to construct homes for the City of Greenville. The proposals received were from Ken Todd Construction Company and Metropolitan Housing and Community Development Corporation. Each contractor would build homes for the City of Greenville as follows:

Builder	Lot	Design	Building Costs (Per square foot)	Lot Cost	Projected Sales Price Prior to Assistance	Contract Amounts
Ken Todd Construction	1	Hadley	\$74.00	\$7,400	\$87,320	\$79,920
Ken Todd Construction	2	Erikanna	\$74.00	\$7,400	\$86,802	\$79,402
Metropolitan Housing and CDC	6	Camden	\$73.31	\$3,500	\$80,989	\$77,500
Metropolitan Housing and CDC	7	Carlton	\$73.55	\$3,500	\$81,242	\$77,745

Motion was made by Council Member Glover and seconded by Council Member Little to continue consideration of the approval of contracts with Ken Todd Construction and Metropolitan Housing and Community Development Corporation for the purpose of constructing housing at the prices and contract amounts as indicated. Motion carried unanimously.

RESOLUTION SUPPORTING LEGISLATION INTRODUCED IN THE NORTH CAROLINA GENERAL ASSEMBLY TO LIMIT OVER-THE-COUNTER PURCHASES OF PRODUCTS THAT CONTAIN PSEUDOPHEDRINE - ADOPTED

Mr. John Morrow, Director of the Pitt County Health Department, asked the Council to consider a resolution supporting legislation introduced in the North Carolina General Assembly limiting the sale of pseudophedrine products, which can be used to make illegal drugs such as methamphetamine. The legislation would place limits on the amount of pseudophedrine that can be purchased and would provide that those products be stored behind a counter.

Motion was made by Mayor Pro-Tem Miller and seconded by Council Member Glover to adopt the resolution supporting legislation introduced in the North Carolina General Assembly to limit over-the-counter purchases of products that contain pseudophedrine. Motion carried unanimously. (Resolution No. 05-29)

REQUEST BY KELLY BARNHILL, JR., THAT A PROPOSED SITE DEVELOPMENT AT THE SOUTHEAST CORNER OF NC 11 NORTH AND STATON BOULEVARD RECEIVE SANITARY SEWER SERVICE AND THE REQUIRED ANNEXATION BE WAIVED BY CITY COUNCIL - APPROVED

Mr. Merrill Flood, Director of Planning and Community Development, informed the Council that Kelly Barnhill, Jr. is proposing to develop a site on the southeast corner of NC 11 North and Staton Boulevard. Mr. Barnhill requested that it receive sanitary sewer service and that the required annexation be waived by City Council. The property owner intends to develop an equipment parts sales office. This area is within the designated Industrial Park where City Council has waived annexation in this area in the past.

Motion was made by Council Member Little and seconded by Mayor Pro-Tem Miller to approve the request by Kelly Barnhill, Jr., that a proposed site development at the southeast corner of NC 11 North and Staton Boulevard receive sanitary sewer service and the required annexation be waived by City Council. Motion carried unanimously.

MUNICIPAL AGREEMENT WITH THE NORTH CAROLINA DEPARTMENT OF TRANSPORTATION FOR CONSTRUCTION OF ARLINGTON BOULEVARD EXTENSION FROM BEASLEY DRIVE TO NC 43 AND RESOLUTION AUTHORIZING THE MAYOR AND CITY CLERK TO SIGN THE AGREEMENT - APPROVED

Mr. Tom Tysinger, Director of Public Works, stated that the Department of Transportation has approved the project for the extension of Arlington Boulevard from Beasley Drive to NC 43. The City's responsibility will be relocation of utilities that may be in conflict with the construction requirements for this project. The Department of Transportation and Greenville Utilities have identified which utilities are to be relocated, and Greenville Utilities has agreed to the utility relocation as stipulated in the agreement. East Carolina University has provided the right-of-way for this project, which is scheduled to begin in August 2005 and take 12 to 18 months to complete.

Motion was made by Council Member Craft and seconded by Mayor Pro-Tem Miller to approve the municipal agreement with the North Carolina Department of Transportation for construction of Arlington Boulevard Extension from Beasley Drive to NC 43 and to adopt the resolution authorizing the Mayor and City Clerk to sign the agreement. Motion carried unanimously. (Contract No. 1401; Resolution No. 05-30)

ORDINANCE AMENDING THE 2004-2005 CITY OF GREENVILLE BUDGET - ADOPTED

Ms. Bernita Demery, Director of Financial Services, stated that the ordinance amending the 2004-2005 City of Greenville Budget is being submitted for consideration to allocate donated funds for Recreation and Parks, recognize a grant received by Police for Law Enforcement Technology, allocate funds for Pitt-Greenville Airport for Small Community Air Service Development Grant and to recognize donated funds received by the Police Department for the purchase of a motorcycle.

Motion was made by Mayor Pro-Tem Miller and seconded by Council Member Dunn to adopt the ordinance amending the 2004-2005 City of Greenville Budget. Motion carried unanimously. (Ordinance No. 05-49)

RESOLUTION DECLARING CITY COUNCIL'S INTENT TO REIMBURSE ITSELF FROM THE PROCEEDS OF ONE OR MORE TAX-EXEMPT FINANCINGS FOR CERTAIN EXPENDITURES MADE AND/OR TO BE MADE IN CONNECTION WITH THE ACQUISITION, CONSTRUCTION AND/OR EQUIPPING OF CERTAIN CAPITAL IMPROVEMENTS - ADOPTED

Motion was made by Council Member Dunn and seconded by Council Member Council to adopt the resolution of the City Council of the City of Greenville, North Carolina declaring its intent to reimburse itself from the Proceeds of one or more tax-exempt financings for certain expenditures made and/or to be made in connection with the acquisition, construction and/or equipping of certain capital improvements. Motion carried unanimously. (Resolution No. 05-49)

ORDINANCE FOR CITY OF GREENVILLE'S WEST GREENVILLE REVITALIZATION CAPITAL PROJECT BUDGET - ADOPTED

Motion was made by Council Member Dunn and seconded by Council Member Council to adopt the ordinance for City of Greenville's West Greenville Revitalization Capital Project Budget. Motion carried unanimously. (Ordinance No. 05-50)

PRESENTATION OF PROPOSED FY 2005-2006 BALANCED BUDGETS

City of Greenville

City Manager Wayne Bowers presented the proposed FY 2005-2006 budget to the City Council and summarized the following budget message.

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May 4, 2005

Honorable Mayor and Members of the City Council:

As required by Section 160A-148 (5) of the North Carolina General Statutes, I submit for your consideration the proposed annual budget for fiscal year 2005-2006. This budget message highlights the major changes and significant recommendations contained in the budget proposal. The message is organized so that City Council goals are discussed first with references to expenditure items that are related to the Council approved goals and objectives. Following the discussion of Council goals, a summary of each fund is presented.

The City Council held a Planning Session on January 22, 2005 to establish goals for the City. Ten major goals evolved from that planning session. The first goal is to form effective partnerships. The objectives are to encourage cooperation and coordination among units of local

government in Pitt County and to continue partnerships and form new partnerships with businesses, educational institutions, and nonprofits when opportunities exist. As an example of partnerships with other governments, the proposed budget includes a \$25,000 first installment to cover sponsorship of the North Carolina League of Municipalities Annual Conference to be held in Greenville during 2009.

The second goal is to organize City services to meet the needs of the citizens. One of the objectives under this goal is to consider the factors involved in the transition to curbside refuse collection. This goal also includes accelerating execution of approved projects, considering more sharing between the City and Greenville Utilities Commission, coordinating services and avoiding duplication, improving internal training, staying focused on the transition of duties and retraining of staff, and providing a one-stop shop for permits. The proposed budget includes funding for computer software that will improve the building permit process and potentially facilitate the one-stop concept.

The third goal is to increase the technological capability of the City. There are several projects that would involve web-based technological solutions for the City including software for building inspections and on-line banking initiatives over the web. The proposed budget includes a new web systems analyst in the Information Technology Department. The recommended budget contains a total of \$1.3 million for computer software and hardware to significantly increase the City's technological capabilities and achieve this City Council goal.

The fourth goal centers on developing broader Citizen Participation in City Government. This would include developing a Citizens Academy, Youth Council, and the development of a more efficient process for distributing existing City-originated public information. Funding in the amount of \$2,500 is included in the City Council proposed budget for the Youth Council initiative.

The fifth City Council goal is to enhance diversity. The objectives here are to insure that City government reflects the community we serve and to celebrate the diversity of our citizens. Funds have been continued or increased to co-sponsor the International Festival, the Sunday in the Park series, and the July 4th Celebration. Additional funds have also been included for training and employee recruitment. A revised affirmative action statement is planned and a Minority/Women Business Enterprise (MWBE) Workshop is being scheduled to develop relationships with all businesses in Greenville.

The sixth goal is to emphasize the importance of neighborhood stabilization and revitalization. City Council recognized that a key to any community's success is the quality of life in its residential neighborhoods. Recommendations have been submitted to City Council from the Task Force on Preservation of Neighborhoods and Housing. Many of these recommendations are incorporated throughout this proposed budget to strengthen neighborhoods throughout the City. The budget includes a recommendation to appropriate \$30,000 for the homeownership program recommended by the Task Force. In addition, the proposed budget includes a new public nuisance inspector position to increase neighborhood code enforcement activities as recommended by the Task Force.

The seventh goal is to promote economic development in the City. The objectives are to support and advocate investments for a vibrant and prosperous Center City, promote opportunities for small and minority businesses, and promote the City to retain and expand business/industry and provide quality jobs. The proposed budget includes \$80,800 in the City Manager's Office to continue the Airport Economic Stimulus Plan.

The eighth City Council goal is to provide a Safe Community. There are several objectives that evolve from this goal. A major objective will be to create and implement community policing that increases public contact with the Police Department. The proposed budget includes a new telecommunicator position and the upgrading of another telecommunicator position from part-time to full-time. The first contact with the Police Department is often through a telecommunicator and thus improving this key contact point will assist the field officers in providing better community policing services to the public.

The ninth goal is to develop transportation initiatives to meet community growth needs and ensure a sustainable community. The proposed budget includes a capital improvement appropriation of \$150,000 to develop a Comprehensive Transportation Plan for the Greenville Urban Area.

The final goal is to maintain the financial stability of the City. This includes improving the format of financial information for decision-making, maintaining an excellent credit rating of AA, and maintaining sound long-term financial plans for capital spending. There are action items from various departments incorporated into the recommendations for funding in the budget. This entire balanced budget proposal has been prepared with the Council's goal of financial stability as a guiding principle.

General and Powell Bill Fund Revenues

General and Powell Bill Fund revenues for fiscal year 2005-2006 are projected to be \$61,281,745. This amount represents a 10 percent increase over the original budget adopted for the current fiscal year. The projected increases in several revenue categories are a reflection of the continuing strong growth in the local economy. Ad valorem property and sales tax combined account for 56 percent of the General Government revenues. Growth in both of these revenue sources is linked to the overall economy of the City and to some extent the State.

Ad Valorem Property Taxes

Ad valorem property taxes alone constitute 37 percent of total General and Powell Bill Fund revenues. The current year property tax rate of \$.56 per \$100 of assessed valuation has been retained for the proposed budget. The revenue growth of 4 percent is, therefore, based on additions to the tax base resulting from new construction and renovations.

Sales Tax

At 19 percent of the General Fund total, sales tax constitutes the second largest source of revenue. The strong trends in the growth of sales tax continue in the City of Greenville at 13 percent. The growth rate in local sales continues to surpass the statewide rate. Local Option

Sales Tax is a good barometer of the health of the City's economy and the continued strong growth demonstrates Greenville's regional draw as a commercial center.

Utilities Franchise Tax

The City's share of the Utility Franchise Tax is based on the actual receipts from electric service sold within the municipal boundaries. The North Carolina League of Municipalities is projecting the growth statewide to be between three and four percent. This revenue source is highly sensitive to the weather. Cool summers and mild winters can lead to a year with little or no growth in electric receipts. Local utility rate increases were a significant factor in projected growth. The overall growth is approximately 16 percent higher than the amount originally budgeted for the current fiscal year. Based on the revenue received to date, projected growth, and the increase in local utility rates, this large increase represents a reasonable projection.

Interest on Investments

With the recent rise in interest rates expected to continue during the next fiscal year and the City experiencing at this time a very positive cash position, interest earnings are expected to increase significantly. The proposed budget anticipates an increase in interest earnings from \$85,000 in the current budget to \$420,000 next year.

Capital Lease

For larger equipment and vehicles, the City has in the past used an installment purchase option. The City's interest rates for lease purchase financing over the past few years have been historically low. During a rising interest rate environment, this will be a less useful tool. The proposed budget, therefore, includes a 32 percent decrease in the amount of equipment to be acquired through the lease purchase method of financing. The budget recommends that the City do more pay-as-you-go for some capital equipment needs in this rising interest rate environment.

All Other Revenues

While this budget does not include a property tax rate increase, it does include increases for some fees that are directly associated with the delivery of a specific service. The proposed changes in Fire/Rescue service charges would generate an additional \$51,000 in revenue. This revenue increase is needed as the City continues to open new fire stations and expand service capabilities. The details of the recommended fee increases are listed below:

Revenue Type	Current Fee	New Fee	Estimated Revenue From Fee Increase
Miscellaneous Revenue			
Copies of Budget & Audit	15	25	No Additional Revenue
8MM Tape Cartridge	7	20	130
4 MM Tape Cartridge	10	15	30
Service Charge for Research Labor	New Fee	25	100
Land Development Ordinance on Disk	New Fee	10	50
Comprehensive Plan on Disk	35	40	50
Fingerprinting	10	15	1000
Application for Street Blocking	10	25	200
Solicitation Permits	26	30	40
Fire Inspection Follow-up (Re-inspection)	25	50	900
Sprinkler Hood Alarms Review Field Test Follow-Up	New Fee	50 City / 65 ETJ	500
Rescue Billing			50950
BLS (Basic Life Support)	240	300	
BLS-EMERGENCY	280	340	
ALS (Advanced Life Support)	290	360	
ALS-EMERGENCY	330	400	
ALS 2	475	535	
MILEAGE	6	8	
Street Division Utility Cuts			17500
Asphalt Cuts			
1 - 25 Minimum Fee	160.00	176.00	
26 - 50 Per Square Foot	5.50	6.50	
51 - 100 Per Square Foot	4.00	4.40	
101-200 Per Square Foot	3.36	3.70	
200+ Per Square Foot	2.43	2.67	
Curb and Gutter Cuts			
1 - 10 Minimum Fee	279.00	306.90	
11 - 50 Per Linear Foot	22.00	24.20	
51 - 100 Per Linear Foot	21.50	23.65	
101-200 Per Linear Foot	16.50	18.15	
200+ Per Linear Foot	14.00	15.40	
Concrete Cuts			
1 - 25 Minimum Fee	130.00	143.00	
26 - 50 Per Square Foot	5.00	5.50	
51 - 100 Per Square Foot	3.25	3.58	
101-200 Per Square Foot	2.65	2.92	
200+ Per Square Foot	2.10	2.31	
Transit-City Tour Bus			1000
Drive Time (Per Hour Charge)	50	55	
Wait Time (Per Hour Charge)	25	30	

General and Powell Bill Fund Expenditures

Since this is a balanced budget proposal, general governmental expenditures are projected to increase by the same 10 percent as revenues during fiscal year 2005-2006 when compared to the fiscal year 2004-2005 original budget. Several service delivery improvements were highlighted in the previous discussion of City Council goals and objectives. The chart below is a summary of a comparison of the fiscal year 2004-2005 original budget to the City Manager's recommendations and also includes a comparison of the fiscal year 2004-2005 adjusted budget to the City Manager's recommendations for the coming fiscal year.

	Original Budget	% Change	Adjusted Budget	% Change	Manager's Recommendation
Personnel	37,183,072	7.70%	37,329,178	7.28%	40,047,396
Operating	8,434,125	13.36%	8,988,753	6.37%	9,561,095
Operating Transfers	5,947,917	7.91%	8,283,812	-22.52%	6,418,127
Capital Improvements	2,637,959	29.20%	5,518,122	-38.24%	3,408,148
Capital Outlay	1,431,219	29.05%	2,252,248	-17.99%	1,846,979
Total Expenditures	<u>\$ 55,634,292</u>	<u>10.15%</u>	<u>\$ 62,372,113</u>	<u>-1.75%</u>	<u>\$ 61,281,745</u>

Personnel

Salaries and benefits are proposed to increase by 7.7 percent, which represents the typical growth in personal services. Because municipal government is primarily a service delivery function, personnel costs are traditionally the main determinant of the overall cost of doing business. Personnel expenses make up over 65 percent of The City's general operating budget.

Based on the recommendations of the Joint City-Greenville Utilities Commission Pay and Benefits Committee and recognizing the importance of recruiting and retaining highly skilled employees, I have included in the proposed budget a market adjustment of 3 percent. The Joint Committee also recommended continuation of the 1.5 percent merit pool program. The combined cost of the across the board and merit salary increases is approximately \$1.3 million. Moreover, the members of the Joint City-Greenville Utilities Commission Pay and Benefits Committee have discussed at length the pay compression concern addressed in the fiscal year 2003-2004 pay study. The Committee recommended that the City address the pay compression issue in a phased approach by allocating additional funding in the fiscal year 2005-2006 budget and in subsequent years. The proposed budget includes \$82,000 as a source of funds to assist with a solution to this issue. A detailed plan to address the compression problem will be presented to the City Council for approval at a later time.

Another significant personnel cost in the proposed budget is full funding for staff at the new Fire Station # 6. The 12 Fire/Rescue employees for Station 6 were budgeted for only seven months in the current budget, but must be funded for twelve months in the coming budget year. An additional \$260,130 will be needed for full funding in fiscal year 2005-2006.

In order to meet the service demands on a growing city, the proposed budget includes a total of twelve new positions (see page 2 of the proposed budget for more detailed information.) The needs for several of the positions were described in the earlier discussion of City Council goals and objectives. The total General Fund cost of these new positions is \$370,889. A complete list of the proposed positions is presented below:

Summary of Recommended New Positions

- Public Works:
 - Equipment Operator III
 - Plan Reviewer/Building Inspection
 - Transit Driver (½ General Fund and ½ Transit)
 - Engineering Assistant II (Stormwater Fund)
- Recreation and Parks:
 - 2 Laborers
- Police:
 - Public Nuisance Inspector
 - 2 Telecommunicators
- Information Technology:
 - Web Systems Analyst
- Human Resources:
 - Custodian II (6 months during FY 2005-06)

- City Manager's Office (Public Information):
Receptionist/Clerk Typist (3 months during FY 2005-06)

Health insurance is an important component of overall personnel costs and is essential to recruiting and retaining a quality workforce. Over the past few years, healthcare costs have experienced significant increases. As a result, the City and its employees have experienced substantial increases in health insurance premiums. In fiscal year 2004-2005 the City was successful in bringing the health insurance increase down to 9.4 percent and hopes to accomplish the same in the upcoming budget year. The health insurance rates for fiscal year 2005-2006, however, are budgeted at a 12 percent increase. The renewal date is effective January 1, 2006.

Operating

Operating expenses are up 13.36 percent compared to the current year original budget. The City is growing and expanding its facilities with the addition of a new City Hall, Fire/Rescue Station #6, the Carver Library expansion, and a full year of operation for the new Science and Nature Center at River Park North, Barnes-Ebron-Taft Community Center, and Sports Connection. Operating line items include (but are not limited to) building repair and maintenance, supplies and materials, contracted services, telephone, utility, fuel, general liability insurance premiums and losses, property and casualty loss, and other expenses necessary for normal operations.

Premium increases for property, liability and workers' compensation insurance are estimated at 4.7 percent for an October 1, 2005 renewal. Although workers' compensation premiums are included in personnel costs, the total request is \$818,614, which is an increase of \$36,494. Funding for these loss accounts is estimated to increase 3.9 percent, which is a total increase of approximately \$20,000.

Departmental operating expenses were adjusted accordingly to account for the significant rise in fuel and utility costs. The fiscal impact to the General and Powell Bill Fund is an increase of approximately \$200,000 for fuel and utilities.

The contracted services line item also increased as the City shifts some of its focus to providing citizen input and access to services via the Internet. There are substantial increases in contract costs for information technology service providers. Keeping up with information technology advances and updates will be essential to meet the service provision and technology goals established by the City Council.

Operating Transfers

Operating transfers from the General and Powell Bill Fund to other funds are estimated to increase. Major transfers are to the Debt Service Fund, Public Transportation Fund, and Sheppard Memorial Library. The transfer to the Debt Service Fund includes an additional \$481,255 over the current budget to fund a full year of debt for the 2004 Certificates of Participation that were sold in September 2004. For the coming fiscal year the full amount of this increase will be covered from a non-recurring appropriation of fund balance approved by the City Council in March 2005. This budget also uses the installment purchase method to purchase some of the capital equipment although at a rate that is 32 percent less than fiscal year 2004-

2005. This means that the amount of the Capital Lease for installment purchases has been decreased from \$2.4 million to \$1.6 million. The amount of annual debt service for this capital equipment will be approximately \$365,000 for the next 5 fiscal years.

The amount of transfer to the Public Transportation Fund is recommended to increase from \$209,616 in the original budget for the current year to \$256,252 in the proposed budget. This increase of \$46,636 will cover the City's share of such items as salary increases for transit system employees, increased fuel expenses, and the addition of a new bus driver position.

The library services will expand due to the improvements and additions to Carver Library. The City has included an increase in transfers to the Library to cover the recommended 3 percent market adjustment for library employees, and the increased cost of operating the expanded Carver Library for additional utilities and building maintenance. The total transfer recommended is \$914,415 and represents an increase of \$30,980 above the fiscal year 2004-2005 transfer of \$876,322.

Capital Outlay

The amount recommended for capital outlay is up more than 35 percent when compared to the original budget for the current fiscal year. Capital outlay is defined as any equipment costing over \$500 and under \$35,000 purchased by the City for budget. These expenses are included in the individual departments and summarized on pages 88-92 of the proposed budget. There are several items listed in capital outlay that can best be described as continual expenses. Items such as replacement handguns, vehicles and vehicle equipment, and in-car cameras have a limited service life. The City attempts to maintain a regular rotation of such items to achieve optimum use without exceeding the serviceable life of these items. Failing to maintain rotation ultimately leads to higher cost, and in some circumstances, may present safety issues. An example of the recommended equipment replacement program is the proposed \$167,000 for replacing handguns in the Police Department. The replacement of numerous vehicles is scheduled for the next fiscal year to maintain quality equipment and vehicles for optimum service delivery.

In staying focused with the City Council goals, the City has included new and improved technology for projects in the Police Department and the Planning Department for web based applications. These applications will provide citizens with information about projects and processes in these departments. Citizens will be able to submit requests pertaining to Code Enforcement issues and inquiry into the Code Enforcement database to see what issues /cases are pending or completed. Funding is also included to upgrade the Police computer programs to take advantage of the enhancements that are available through the software vendor. A Planning and Zoning computer application is recommended to purchase software and equipment to automate some of the manual steps in the planning and zoning application process. This highly effective tool will allow citizens to prepare submittals electronically and in turn inquire into the Planning and Zoning database to check the application status.

Additional funding is also included to upgrade hardware and software operating systems and applications for web based processes for citizen concern tracking, occupational licensing, and building permitting. With the need to cut down on paper and storage, the City is pursuing computer applications that will allow for imaging and storage of paper records into electronic

format that will interface with financial applications and other types of databases. This will cut down on the amount of physical storage space needed and allow for a faster, more organized means of document retrieval. A tool to organize and automate meeting agendas will be pursued during fiscal year 2005-2006. This tool will deliver the agenda packages in an electronic format that citizens will be able to view from the City's Web Page.

Capital Improvements

Capital Improvements are up almost 30 percent when compared to the current year original budget. The two largest projects included in the General and Powell Bill funds are street resurfacing which is included at \$613,548 and the Charles Boulevard Enhancements, which are \$480,000.

The street resurfacing program provides for an asphalt overlay for existing City streets and associated striping. This project will resurface approximately 13 miles of streets in various locations throughout the City including necessary street markings. All streets will be evaluated and prioritized by condition prior to the actual resurfacing. Presently, the City maintains 210 miles of streets with a useful life of about 12 years, depending on traffic and original construction. Continuation of the street resurfacing program is critical to properly maintaining the City's valuable infrastructure.

The Charles Boulevard corridor is a major thoroughfare providing access around and through uptown Greenville. Tens of thousands of persons attend games and events at East Carolina University's Athletic Campus. The Charles Boulevard Enhancement Project will provide landscaping, sidewalks, and improved safety for all modes of travel between Greenville Boulevard and 14th Street. The Enhancement Project will improve the appearance of a major gateway into the uptown area and the ECU campus. The City identified this segment of roadway as a top priority in its recently adopted 2004 Greenway Master Plan Update because of the critical need for a safe greenway system and pedestrian corridor in this area of Greenville and ECU. The \$480,000 cost of this project will be a partnership divided between the City, the North Carolina Department of Transportation, and ECU in equal one-third shares.

Other Capital Improvements proposed in the General and Powell Bill Fund for fiscal year 2005-2006 are listed in the following table:

Department	Project/Equipment Description	<u>Project</u> Amount
Fire/Rescue	Mobile Breathing Air Trailer	\$ 84,000
	Additional Office Space for F/R	11,000
	F/R Station # 8 for Land Acquisition	200,000
Information Technology	New and Improved Technology	608,500
Library	HVAC/Exterior Improvements	50,000
Planning and CD	Façade Improvement Grant Program	35,000
	Historic Properties Grant Program	15,000
Recreation/Parks	Resurface Walkway/Town Commons	70,000
	Replacement Gym Space Heaters	40,600
	Replacement Playground Equipment	60,000

	Resurface River Birch Parking Lot	18,000
	Fencing at Various Parks	75,000
Police	Replacement of Handguns	167,000
Public Works	Various Solid Waste Equipment	360,500
	Backhoe Loader for Cemetery	40,000
	Employee Parking Lot Improvements	80,000
	Transportation Plan	150,000
Public Works-Powell Bill	Railroad Crossing Signals	120,000
	Traffic Calming	30,000
	West Ninth Street Reconstruction	100,000
	Total	\$ 2,314,600

Other Funds

Debt Service Fund

As highlighted in the General and Powell Bill Fund operating transfer discussion, the total debt service for the new 2004 COPS has increased to a full year's amount of \$1.4 million in the fiscal year 2005-2006 budget. The Debt Service Fund also includes continuing debt service payments for six other prior bond issues and five previous lease purchase borrowings. No debt service funds are required at this time for the general obligation bonds approved by the voters in November 2004. Staff plans to initially issue a portion of the general obligation bonds in October 2006 to fund the approved projects and reimburse the City for any expenditures incurred during fiscal year 2005-2006. Planning and some construction will occur during the next fiscal year for some of these new General Obligation Bond Projects, including:

- Stormwater Projects (Village Grove/Chestnut area, Sylvan area, Skinner Street Culvert, Dickinson Avenue/Chestnut Street)
- 10th Street Connector Environmental Assessment & Design
- West 3rd Street Reconstruction Design
- West Greenville/Center City Revitalization Projects

Stormwater Utility Fund

No fee increases are recommended for the Stormwater Utility. The Public Works Department will continue to work on projects included in the \$5.1 million program of improvements already underway based on the approved November 2004 General Obligation Bond referendum. An additional \$400,000 has been recommended in this budget for storm drain upgrades within the Public Works yard.

Aquatics and Fitness Center Fund

It is the Aquatics and Fitness Center's mission to enhance the quality of human life through exercise, recreation and wellness. The goal is to provide quality facilities, programs, and instruction to all segments of the population at an affordable cost. There are no rate increases

proposed in the fiscal year 2005-2006 recommended budget. The budget is based on estimates with the Center maintaining its current membership.

Bradford Creek Golf Course

The Bradford Creek Golf Course's programming budget is based on the assumption that golf play and revenue will be maintained or slightly increased. The budget reflects an effort to hold expenditures while at the same time continuing to offer the same quality of services seven days a week, year round to the citizens of Greenville.

Public Transportation Fund

Planning activities remain approximately the same and are reimbursable at 90 percent (80 percent Federal and 10 percent State). Federal funds remain available to cover one-half of the net operating deficit. ADA service and preventative maintenance items have been included and are now eligible under the Capital Reimbursement Plan and will be reimbursed at 80 percent rather than the 50 percent operating reimbursement rate. The continuation of State operating support is anticipated.

Community Development Block Grant (CDBG) and Home Consortium Fund

The primary goal of these funds is to provide housing assistance to residents. Of the \$440,886 requested in salary costs, \$281,908 will come from the CDBG and HOME programs. Therefore the actual salary costs from the General Fund is \$158,978. The human relations functions will be in this division for a full year in fiscal year 2005-2006. This activity was transferred during the current fiscal year.

Summary

In summary, the proposed budget for fiscal year 2005-2006 is in many ways a transition budget as the City implements the full cost of new debt, operating and personnel needs, and works to provide a higher level of service with new facilities and the new programs they offer. The challenge will be to balance revenues with increased costs as these facilities come on line.

Staff has worked hard to present a balanced budget with a limited number of service level enhancements, which respond to the demands of a growing City. This result could not have been achieved without the efforts of each department in containing costs. Limited revenue, fixed costs, and escalating fuel and energy prices restrict the number of new initiatives that could be recommended in the departmental budgets.

I appreciate the dedication put forth by the employees throughout the organization in preparing the recommended budget. In particular I want to commend Deputy City Manager Bill Richardson, Director of Financial Services Bernita Demery, and Senior Financial Services Manager Yvonne Frazier for their diligent efforts throughout the budget preparation process.

I am confident that this proposed budget will assist the City of Greenville in continuing its mission *to provide all citizens with quality services in an open, ethical manner, insuring a*

community of distinction for the future. I look forward to reviewing the budget proposal with the City Council. Please contact me if you have any questions concerning the budget.

Respectfully submitted,

/s/ Wayne Bowers

Wayne Bowers
City Manager

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City Manager Bowers concluded by reminding the Council of the May 23 City Council meeting when there will be further discussion of the balanced proposed budget. The public hearing is planned for June 6, and the proposed adoption will be June 9. The new fiscal year begins July 1.

Sheppard Memorial Library

Mr. Willie Nelms, Executive Director of Sheppard Memorial Library, informed the Council that the revenue projections are the same as were reported in March. The difference in the budget as originally proposed to the Council and the one being presented tonight is that a 3.9 percent market adjustment was included; however, now that the Joint City/Greenville Utilities Commission Pay and Benefits Committee has recommended and the Council has approved a 3.0 percent market adjustment, that number has been amended in the proposed budget. Also included in the proposed budget is the additional cost of Carver Library. There is a 4.35 percent increase. The projected opening date is August 1.

Council Member Glover questioned the decision to cut staff at Carver Library when there will be more usage with the expansion. Mr. Nelms explained that staff is not being cut from what it is in the current budget. If it is found that there is more need, he will come back to the Council at a later date. He reminded the Council that 2/3 funding is from the City and 1/3 is from the County. Council Member Glover stated that the Council needs to look at the percentage that the County pays.

City Manager Bowers stated that one of the Council's goals is a joint meeting with the County Commissioners. This may be something they wish to discuss at that time.

Pitt-Greenville Convention and Visitors Bureau

Ms. Debbie Vargas, Executive Director of the Pitt-Greenville Convention and Visitors Bureau, informed the Council that there has been no change in the budget since it was originally approved by the Board in March and presented to the Council. Reserves in the amount of \$900,000 are being used to balance the budget. Occupancy tax was up last month by 12 percent.

Pitt-Greenville Airport

Mr. Jim Turcotte, Executive Director of Pitt-Greenville Airport, stated that the upcoming budget is an extension of not only their current year budget but their prior year's budget as well. This will mark their twentieth year of not requesting financial assistance from the City or County to operate the airport on a day-to-day basis. This year's budget is projected at almost \$2 million. This budget also represents the sixth consecutive year and the seventh of eight years whereby the airport will fund any local match required for Federal Aviation Administration Airport Improvement Program grants and State Division of Aviation grants expected to total over \$1.5 million this year. There is speculation that US Airways, the seventh largest US domestic airline, and America West airline, the eighth largest US airline, will consolidate into a singular entity. Whether it will be a merger or a unique corporate transaction where a holding company will own both companies and then they would be able to share information on pricing, etc., they do not know. Since 2001, the US airline industry has lost more than \$30 billion due to the effects of terrorism, outbreak of SARS, economic downturn, rapid growth of budget airlines, and the price of oil. Analysts are further projecting another \$7 to \$10 billion loss in this current calendar year. The presence of airline service at the Pitt-Greenville Airport and the ancillary income that is generated from the complimentary businesses are responsible for generating over fifty percent of their revenue stream and the overall impact of the community is immense.

Mr. Turcotte continued by stating that the contract for \$1.4 million expansion of the airport rescue/firefighting facility was recently executed and the notice to proceed issued. It is anticipated that in July that they will accept bids for the final portion of the Taxiway A realignment and for the corporate hanger area site development at a combined construction cost of approximately \$1.5 million. An adjunct to the budget process is the Pitt-Greenville Airport Authority's request that the partnership enjoined in November 2004 with the City of Greenville and Pitt County to create an economic stimulus plan for the Airport be continued for 2006. The inaugural plan implemented for the 2005 calendar year not only halted the erosion of the tax base of corporate and private aircraft, it reversed the process. Further, it has been previously depicted that the added retained aircraft would not only generate the additional revenues necessary to fund the entire cost without any new expenditures from the City or County, it is actually being projected to generate a surplus this coming year.

Mr. Turcotte stated that, in conclusion, the partnership between the City of Greenville, Pitt County and the Pitt-Greenville Airport Authority is one that is continually produced positive economic and social influences for the community. It is their hope that it will endure and prosper through the benefit of our entire citizenry.

Greenville Utilities Commission

General Manager Ron Elks informed the Council that the FY 2005-06 budget goals are to meet customer load and service needs to continue to meet regulatory requirements, minimize rate increases, avoid future rate shock, ensure economic viability of funds, preserve bond ratings, continue to operate effectively and efficiently, initiatives consistent with "on the mark" strategic plan, and to be prepared for emergency situations. The first draft of the FY 2005-06 budget contained a \$3.5 million budget deficit. There was a one percent increase in electric wholesale costs absorbed by Greenville Utilities effective March 1, 2005, which was not passed through to

customers. In late March 2005, there was notification that there would be a 5.2 percent wholesale electric fuel adjustment to be effective to Greenville Utilities by May 1. The budget deficit then increased to over \$6.9 million. Staff has reviewed the financial consideration such as debt coverage, fund balances, and end-of-year financial performance. The budget challenges for the upcoming year will include revenue growth, future debt for new projects, operation and maintenance of the Water and Wastewater Plants, regulatory compliance for Water Plant and Wastewater Plant, projected 12 percent health insurance increase, electric wholesale rate increases (1 percent in March 2005 and 5.2 percent in March 2005), infrastructure needs and the debt service on sewer rehab work and implementation cost of improvements from water and sewer master plans, and maintaining competitive rates. The strategies for the upcoming year include moving toward making annual net revenue positive for each enterprise fund, improving overall debt coverage by moving toward 2 x initially and improving individual enterprise fund overages, improving fund balance percentage relative to liability for each fund, and closely monitoring the impact on customers' bills. The actions taken to balance the budget include eliminating the 12 personnel requests and reducing expenditure requests by \$2.8 million.

General Manager Elks stated that the increased expenditures in the Water Fund are due to regulatory mandates and compliance (over \$1.4 million this year) and increasing operations and maintenance costs. The increased expenditures in the Electric Fund are due to rising coal prices, fuel adjustment charges being passed along to Greenville Utilities Commission (5.2 percent). Since 1992, Greenville Utilities' wholesale costs have increased by more than 18 percent. By absorbing the majority of these increases, customers have been saved more than \$50 million in potential cost increases. A chart was shown showing the electric wholesale increases that had been absorbed or implemented since 1992.

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Date	Received	Absorbed	Passed Through
October 1992	2.2%	2.2%	0
October 1993	2.0%	2.0%	0
October 1994	2.0%	2.0%	0
January 2002	6.5%	2.0%	4.5%
January 2003	3.0%	3.0%	Action Delayed
October 2003	1.2%	0	3.4%
March 2005	1.0%	1.0%	Action Delayed
May 2005	5.2%		

On April 19, 2005, the Greenville Utilities Commissioners took the following action:

- Pass through the electric fuel adjustment charge of .36 cent/kWh effective June 1, 2005
- Absorb cost to Greenville Utilities of delaying this fuel adjustment for one month
- Pass through energy adjustment charge of .115 cent./kWh, absorbed by Greenville Utilities Commission since March 1, 2005 effective June 1, 2005
- Adjust water rates upward by five percent effective July 1, 2005 (subject to budget adoption)
- Balance Sewer Fund through use of fund balance
- No increase in sewer rates

- No increase in gas rates (any adjustments necessary as part of changing market purchases are “tracked” through to customers as they are passed on to Greenville Utilities)
- Balance the Sewer Fund through use of fund balance
- Have no increase in sewer rates proposed
- Have no increase in gas rates proposed.

General Manager Elks continued by stating that the monthly impact of the rate increase on a residential customer for a typical bill for electric, water, sewer and natural gas services will be \$5.89. A residential cost electric comparison for summer months based on 1000 kWh with load management credits ranged from \$109.67 in Farmville to \$94 in Washington. and \$113.67 in Farmville to \$80.65 in Kinston during the winter. The existing bill in Greenville is \$98.53 in the summer and \$87.96 in the winter and the proposed rate is \$103.29 in the summer and \$92.72 in the winter. The average water bill, based on a consumption of 7500 gallons, ranges from \$48.25 in Dare County to \$19.16 in Rocky Mount, with the cost being \$22.06 at Greenville Utilities and proposed to go to \$23.19. Suggested ways to offset the increases include beat-the-peak, which can provide a \$70/year savings; free energy audit, raise thermostat two degrees in summer, change filters, reduce duct leaks and reduce water temperature of hot water heater.

General Manager Elks concluded by stating that the total proposed Greenville Utilities Commission budget is \$202,562,095, which includes \$151,093,585 in the Electric Fund, \$11,361,350 in the Water Fund, \$13,032,596 in the Sewer Fund, and \$27,074,564 in the Gas Fund.

HOME OCCUPATION REZONING ORDINANCE AMENDMENT - APPROVED

City Attorney Dave Holec stated that Council Member Little had brought up the possibility of the City Council initiating an amendment to expand the permissible home occupations that are allowed without receiving a special use permit. Since it is an amendment to the Zoning Ordinance, if Council initiates it, the amendment would have to be referred to the Planning and Zoning Commission for review and recommendation, come back to City Council, and be the subject of a public hearing. “Home occupation” is defined by the Zoning Ordinance as “an activity conducted for financial gain as an accessory use to a single-family dwelling unit by a member of the family residing in the dwelling unit”. The City currently allows those upon receipt of a special use permit. There is a small exception in the ordinance that would be allowed without receipt of the special use permit. There has been some discussion that possibly this should be expanded so there are some uses that fit within the definition which really do not create such an impact on the neighborhood that one would have to go through the special use permit process. There would have to be appropriate conditions to ensure that there is not a great impact. There has been some interest in it, so this issue may be initiated by the Council, referred to the Planning and Zoning Commission for review and recommendation and be reported back to the Council.

Motion was made by Council Member Little and seconded by Council Member Council to initiate the amendment to the Zoning Ordinance that relates to home occupations and refer the matter to the Planning and Zoning Commission for their review and recommendation. Motion carried unanimously.

COMMENTS FROM MAYOR AND CITY COUNCIL

Recognition of Community Appearance Commission Awards

Council Member Craft announced the April Community Appearance Commission Award winners--Recreation & Parks Department for the Entrance to the Greenville Aquatics and Fitness Center on Staton Road; Jarvis Memorial United Methodist Church on Greene Street; and Kappa Delta Sorority House on Tenth Street.

Council Member Little stated that Max Joyner, President of Brookhill Home Owners Association, invited the Council Members to a meeting on May 19 at Brookhill Townhomes at 12:00 to see what a good job the Police Task Force has done.

Council Member Glover announced the Environmental Advisory Commission Awareness Award winners

Individual Category—Dr. Vince Bellis

Organization Category—Unnatural Resource Fair

Business Category—Michels and Gauquie (Dentist Office) and Eastern Carolina Vocational Center (ECVC)

Council Member Glover thanked these citizens for improving the environment and the staff who helped put the awards program together.

Mayor Parrott thanked Boyd Lee and his staff for the dedication of the Barnes-Ebron-Taft Community Center.

Council Member Council stated that she went to Town Hall Day yesterday. The North Carolina League of Municipalities is having its first Annual Youth Summit at the Conference on October 16. The National League of Cities conference will be held in Charlotte in December.

Council Member Council stated that the Convention and Visitors Authority is concerned about the motel establishments receiving letters from Planning about their not being able to charge a cover charge for entertainment. She asked that this item be placed on a Council agenda to be discussed.

Council Member Council stated that she attended the NC Black Elected Municipal Officials breakfast Wednesday, at which time Senator Jean Lucas from Durham discussed the living wage. Also, the NC Black Elected Municipal Officials will be presenting three scholarships at the Conference in October.

Council Member Dunn congratulated the youth who were nominated for and those who received the Young Citizens of the Year Award. She also thanked the staff for putting together a balanced budget.

Mayor Parrott congratulated the Conley softball team for beating the Rose High School team.

CITY MANAGER'S REPORT

City Manager Bowers stated that if the Council has questions on the budget, they can give them to him and he will provide the answers by the May 23 meeting.

City Manager Bowers informed the Council that the agenda format has been changed for uniformity. He stated that if the Council has concerns about the format, they can let him know.

City Manager Bowers stated that the Chamber of Commerce is hosting a breakfast on May 16 at the City Hotel and Bistro.

ADJOURN

Motion was made by Council Member Craft and seconded by Council Member Dunn to adjourn the meeting at 9:35 p.m. Motion carried unanimously.

Respectfully submitted,

Wanda T. Elks, CMC
City Clerk